



What Rep. Brendan Williams Really Thinks of Homebuilders

Representative Brendan Williams' (D-Olympia) letter to colleagues, December 3, 2008

Dear Colleague:

Those struggling to pay mortgages on new homes should not also have to pay for homebuilder negligence.

I'm introducing a Homeowners' Bill of Rights again this session to guarantee the same statutory warranty rights for those purchasing new single-family homes -- or renovating their home -- that buyers of condominiums enjoy.

I cannot explain to the Lacey military families who have bought new homes why their state government, in conferring consumer rights, treats them as second-class citizens compared to those buying upscale condominiums on the Eastside or in downtown Seattle.

The approach I'm taking was developed by House Judiciary Committee Chair Pat Lantz and passed House Judiciary last session. It's completely intuitive -- and completely defensible. Governor Gregoire supported our approach last session, and, indeed, campaigned upon the issue. It's also been endorsed by *The Olympian*, *Seattle Post-Intelligencer*, and *Seattle Times*. And homeowners' rights bills have passed the Senate the past two years.

Laughing off negligence, BIAW has actually blamed consumers for construction defects. Meanwhile, a homebuilding industry that was an architect of our national economic meltdown -- having lobbied against reforms of home finance -- is looking for a taxpayer bailout.*

In other words, BIAW believes consumers/taxpayers should bear the cost burdens of (a) homebuilder construction negligence and (b) homebuilder corporate negligence! As one national columnist notes:

After uncovering no information telling them it was unethical and frankly despicable to ask for free money in an economy that you helped destroy, the builders found a place in line with dozens of other desperate men on Capitol Hill.

That takes guts.

After spending the better part of the last decade greedily filling the country's neighborhoods with an overabundance of vinyl-clad McMansions, these morally corrupt beggars want a \$250 billion "Fix Housing First" stimulus package. Apparently, the homebuilding industry has yet to learn the basic tenets of economics, supply and demand.

Similarly, the Laborers International Union of North America notes:

[B]uilders would get billions in tax breaks. The carry-back would allow homebuilders to apply losses from 2008 and 2009 as far back as four years against taxes paid on profits - a two-year extension of the current carry-back allowance - even though much of the builders' profit came from their own subprime lending and speculative over-heating of the market.

If the carry-back provision remains in the bill the largest corporate homebuilders, who pushed subprime loans through their mortgage subsidiaries, will gain the most. For example, Lennar could get back \$573 million, D.R. Horton could get \$607 million and Pulte could get \$598 million.

Meanwhile, our state is planning to eliminate 7,700 Basic Health Plan slots to save \$6.7 million.

I need your support. With the seats of Don Barlow, Pat Lantz, and, apparently, Liz Loomis captured by BIAW, I've lost a few votes. Indeed, on February 26 BIAW even tauntingly brought Republican Jan Angel, Lantz's eventual successor, to a House Judiciary hearing to oppose Lantz's homeowners' rights efforts.

Despite a condo market that, at least until recently, has been booming, BIAW and its protectors will argue that giving single-family home buyers the same protections condo buyers have will somehow bankrupt the homebuilding industry. They'll say insurance will become unavailable. Nonsense. In successive legislative sessions I asked, in open House Judiciary hearings, for empirical proof of that claim (from the many states with statutory warranty protections); *none whatsoever was ever provided*.

Homeowners deserve *real* rights -- not rights-*lite*. **Only this bill will provide that.** I would appreciate your support, and I'll have a blue sheet by tomorrow. Thanks.

** BIAW has never expressed support for any taxpayer bailout for homebuilders.*

